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ABSTRACT

For many Korean Americans, the American dream of building a better future in the United States for their families is realized through a focus on entrepreneurship. Their formula for entrepreneurial success is simple and effective: (1) identifying a business opportunity; and (2) working hard to turn the opportunity into a business success. Korean Americans often see opportunity where others do not, and they show unwavering perseverance, even in the face of adversity. This digest discusses Korean-American entrepreneurs within the context of their unique culture. The Digest states that Korean Americans' devotion to family plays an integral role for the success of the entrepreneur, and pinpoints their emphasis on education as another important aspect of Korean immigrants and entrepreneurs. It finds that most Korean businesses are small (typically green grocers, dry cleaners, fish markets, delicatessens, and nail salons) and operated by a husband and wife in tandem, working more than 12 hours a day, 6 or 7 days a week. The digest also discusses some obstacles facing Korean-American entrepreneurs in developing businesses. (BT)

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Korean-American Entrepreneurs

By Sung Park

For Korean immigrants, the American dream of building a better future for their families is alive and well. For many Korean-Americans, this dream is realized through a focus on entrepreneurship. The formula for entrepreneurial success employed by many Korean-Americans is simple and effective: identifying a business opportunity and working hard to turn the opportunity into a business success. They often see opportunity where others do not, and they show unwavering perseverance, even in the face of adverse challenges. This digest discusses Korean-American entrepreneurs within the context of their unique culture and history.

The History of Korean Immigration

Before World War II, Korean-Americans were the smallest Asian community to settle in the United States. Immigration records indicate that about seven thousand Koreans immigrated

to Hawaii between 1903 and 1905. This wave of immigration was brought to a sudden end by the Japanese occupation of Korea. Further immigration was all but nonexistent until 1953, which marked the end of the Korean War. After the war, two separate streams of Korean immigration took place. The first smaller stream included the wives of military personnel and the adopted children of middle class Caucasians. The larger second stream occurred after the 1965 Immigration Act, which abolished the "national origins" quota system and allowed for family reunification provisions (Korean American Museum, 1999). After being hardened through years of war in Korea, these immigrants felt determined to build better lives and thrive in their new settings.

Korean-American Culture and Values

A primary motivation for many Korean immigrants has been the future success of the family. The devotion to family has played an integral role to the success of the Korean-American entrepreneur. In the highly competitive markets in which Koreans are investing, the extensive use of family labor is beneficial and often essential. In a 1983 survey of 40 different Korean grocers done by Philip Young of Pace University, only three did not employ family members (MacDonald, 1995).

The long hours of work and the sacrifices that Korean immigrants have made to bring their children to the U.S. have their purposes. They see more opportunity for their children in America, and when the time comes Korean parents expect children to reciprocate. As they grow up and move into their careers, the children often end up taking care of and supporting their parents.

Another important aspect of Korean immigrants and entrepreneurs is their emphasis on education. "Education-Number One quality. Most [Korean] people, that's all they think about.

Even if you mop floors or work as an auto mechanic, if you have an education, you will be better," said Doug Choi (MacDonald, 1995, ¶ 16). This commitment to learning is evidenced by a Korean literacy rate close to 100 percent in Korea, along with a comparably high graduation rate. However, since the Korean government only grants a percentage of the top high school graduates admission to universities, the competition is fierce. This competition is one reason many Koreans choose to move to America where they can help ensure a place for their children in college (MacDonald, 1995).

Although 95 percent of Korean immigrants have college degrees, they must sacrifice their white-collar professional careers in Korea to come to the U.S., where they face innumerable cultural and language barriers. Thus, the dry cleaner or grocery store cashier is often a former engineer or nurse who has turned to retailing because these jobs require little English. Despite the fact that Korean entrepreneurs have limited social skills and business experience in America, the advanced degrees that they earned while in Korea make up for many of the shortcomings, and are useful in creating a successful business venture (Park, 1997).

The Korean-American community is characterized by strong interpersonal connections. Because most Korean small business owners work long hours, they worry about their children losing sight of what it means to be Korean in America. Preservation of culture and traditional values, including work ethic, is integral to the Korean immigrant. As Korean-Americans grow in number, so does the challenge of preserving their cultural roots. The church is one of the main vehicles through which Koreans hold on to their culture; nearly three-quarters of Korean-Americans attend church (Lee, 1999). Second generation Korean-Americans grow up only knowing what it is to live in America, yet even after advancing through the American educational system and entering the workforce, they still often return to their family communities

to attend church and participate in family gatherings. Overall, the emphasis on work ethic and on education, as well as the close-knit Korean-American community, has provided a fertile ground for entrepreneurial activity.

Korean-American Small Business

According to the U.S. National Bureau of Economic Research, Korean-Americans, as an ethnic group, have the highest rate of entrepreneurship in the country, with 28 percent of men and 20 percent of women owning their own businesses ("Korea Playing for Big Stakes," 2001). One reason for these high numbers may be due to the fact that these businesses are often passed between friends and family. For example, in 1975, Doug Choi and his family went from owning and operating a produce store in Brooklyn to acquiring a stationery store in Manhattan through a friend, and finally to a deli on Third Avenue in September of 1994 (MacDonald, 1995). The dynamic nature of these small businesses allows owners such as the Choi family to take a loss at one location and try again in another. Their experience with several business enterprises over a relatively short period is not uncommon for the Korean-American entrepreneur.

Most Korean businesses are small and operated by a husband and wife tandem. The owners usually work more than twelve hours and day, and six or seven days a week. Typical Korean operations include green grocers, dry cleaners, fish markets, restaurants, delicatessens and nail salons. In New York City, Korean green grocers number about 1,400 (Park, 1997). Because these businesses rely on both Koreans and non-Koreans for wholesale suppliers, workers, and clientele, owners must be able to develop different strategies to attract customers in their respective neighborhoods. For example, a store in Manhattan will cater to their customers by including a self-service salad bar with hot dishes to satisfy their need for a quick meal.

Another popular business that Korean entrepreneurs take on is that of dry cleaning. Although it requires more capital than a green grocer or fish market, there are about 2,000 dry cleaners run by Koreans in New York City (Park, 1997).

Numerous Korean-American entrepreneurs have successfully developed businesses in inner-city neighborhoods, areas that most retailers have ignored and abandoned in the past. In doing so, Korean-Americans have helped transform some inner-city areas from economic ghost towns into places of commerce. And during this process, these individuals may have outlined a partial blueprint on how to repair the recently ravaged economy (MacDonald, 1995). For example, twenty years ago the long block between Broadway and Fifth Avenue in New York was crumbling fast. Customers slowly stopped patronizing the stores in the area because they were afraid of crime. Opportunistic Korean entrepreneurs spotted this potential and wholesalers began lining up to serve the import-export companies in the area. Today the area is safe as businesses run around the clock (MacDonald, 1995).

Another major obstacle Korean-American entrepreneurs face is raising venture capital. During the 1970's, most Korean immigrants depended on their relatives for free room and board, and possibly even employment. By working long hours and saving whatever possible, a couple would be able to purchase a business of their own in a few years. The Korean government has also helped this process by regularly increasing the amount of money Korean immigrants can bring into the United States. From a mere $1,000 in 1978, Koreans are allowed to bring in $200,000 today (Park, 1997). Also, because many Korean immigrants lack the communication skills necessary to obtain loans from traditional banks, they often turn to gaes, Korean communal saving pools. At each monthly gae meeting, members contribute whatever they can afford. Then, one person draws the pot based on a list made at the start of the gae and on how much that

person has contributed. The benefits of these saving pools are that entrepreneurs can avoid the red tape of the bank and the loans are interest free (MacDonald, 1995).

Clearly, connections are an important quality among Korean-Americans, which help them make strides in the business world. Support networks have developed to assist Korean-American entrepreneurs. One such organization is the Korean American Society for Entrepreneurs (KASE), chartered by a variety of executives and professionals "to foster and support a growing network of Korean Americans interested in starting or playing key roles in professionally managed high growth companies in the United States" (KASE, 2000). KASE endorses events and seminars that attempt to provide members with information from other successful entrepreneurs. These types of support networks are a natural outgrowth of the familial and community connections already strong in Korean-American communities. Through these networks, entrepreneurs are able share information, reflect on their past experiences and challenges, and help other members of their community overcome the cultural and economic challenges to successful entrepreneurship. This spirit of community, along with a high interest in family businesses and a willingness to work hard to obtain goals, help create a vibrant entrepreneurial environment in Korean-American communities.

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